

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY	Rumania	REPORT	
SUBJECT	Results Obtained by the Rumanian 1954 Economic Plan	DATE DISTR.	10 June 1955
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SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

1. **Industry:** The 1954 industrial gross production showed a 6.6 percent rate of increase over the figures for 1953 (in 1953: 14.6 percent). The production goods industry increased 3.9 percent, the production of consumer goods increased 10.9 percent. The labor productivity increased 2.7 percent (in 1953: approximately 5 percent) and did not meet the fixed targets in any of the essential industrial branches. The results are supposed to have been quite unsatisfactory. 25X1
- a. **Coal and Power:** In 1954, two and a half times as much coal was extracted as in 1938. For 1954, no increase was reported although mechanized coal mining increased from 77.1 to 83.3 percent, and mechanized hauling from 79.1 to 88.1 percent. It was officially admitted that the exploitation of mechanical equipment had been on the decline. In coal mining, the 1954 plan for the construction of new mines was fulfilled only 75.5 percent. Two new mines with a yearly capacity of 800,000 tons were put into operation. In 1954, three times as much power was generated in Rumania as in 1938. In 1954, the generating capacity was increased by 113,800 KW (including the installation of two new thermal power plants). The actual power increase was, however, very low. It may be predicted that the 1955 production targets for coal will not be reached, those for electric power will be approximated. Since the country's needs will be considerably higher as a result of the installation of new industrial plants, especially power-consuming chemical enterprises, the gap between demand and supply will not be filled.
- b. **Iron and Steel:** In 1953, the production of pig iron was three and a half times as high as in 1938. Production decreased in 1954 as a result of inadequate ore mining (it is remarkable that no mine reports have been published) and due to lengthy interruption periods at blast furnaces. In 1953, the production of raw steel was three times as high as in 1938. In 1954, it showed a decline of 100,000 tons 25X1

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(13 percent) due to poor condition of furnaces and to lack of scrap material. There seems to be no hope whatsoever that the revised lowered 1955 production targets for pig iron and raw steel will be reached.

- c. Petroleum: The extraction of petroleum which, in 1936, had hit a peak output of 8.6 million tons per year and had consequently dropped considerably, in 1954 surpassed this peak by 11.6 percent. The capacity had been expanded by the installation of a new distillation plant and a new cracking plant. Moreover, new pipelines for natural gas and crude oil have been built. The production of oil pumping equipment has been stepped up; it has, however, not yet reached a satisfactory degree. Occasional installation of pumping equipment cannot mask the true situation.
- d. Construction Materials Industry: It was not possible to meet demands in this field in 1954. The production of cement, bricks, roofing tiles, and lime fell far behind the fixed targets. The prospect for 1955 is not very favorable, especially since the planned new building projects for the construction materials industry were carried out only 84 percent.
- e. Chemical Industry: In 1954, the fertilizer industry showed a 300 percent increase over 1953, nevertheless, it is still far behind the country's needs. In the production of sodium carbonate and sulphur, the targets were not reached. In view of the fact that a new fertilizer factory was put into operation and that the sulfuric acid output was increased, the 1955 fertilizer targets will possibly be reached. The production of sulfuric acid, however, will not come up to expectations.
- f. Machine Building Industry: In this field, the production targets have not been reached. Reports on occasional overfulfillments of over 400 percent are deceitful. They mostly involve production of new type machinery which, in 1953, existed as unfinished prototypes only and for which the absolute production figures are negligible. The reported increase in the production of mass-produced machinery is insignificant. In some cases, a decline is to be noted. Standard type tractors are not mentioned in the report, although the production of agricultural machinery was emphasized as a strong point in the New Course. For the year 1955, no major changes are to be expected. If a continuance of the high production rate of spare parts for agricultural machinery could be achieved, it would be considered a remarkable success.
- g. Consumer Goods Industry: Targets fixed for the construction of new factories have not been reached. The reported increase in high quality basic foodstuffs (15 percent for meat, 6 percent for noodles, 5 percent for butter, and 11 percent for fish) is insignificant. Canning activities have increased. It is to be noted, however, that most of these activities were performed in the first half of 1954. In the field of textiles, the New Course proved a failure. Increased rates of 7 percent in cotton goods, 4 percent in woolen fabrics, and 10 percent in silk are disproportionate to the magnitude of accumulated year-long demands. How the situation was appraised by the New Course itself is reflected by the fact that the original 1955 production targets for woolen fabrics were lowered from 39.4 to 32.5 million square meters; those for cotton from 260.5 to 250.0 million square meters. In woolen fabrics, the 1955 production targets will at the best be almost fulfilled, while those for cottons will not be reached. It has become apparent that the New Course failed in the field of consumer goods and did not even come up to the modest demands fixed by the original Course.

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2. Agriculture: In agriculture the New Course yielded no further success. This may be concluded from the fact that the report on the fulfillment rates in the different sections of production makes no reference to the Ministry of Agriculture. Agricultural production lagged behind the production targets despite all efforts exerted by the New Course to reach significant achievements. Cereal crops in particular were inferior in yield to 1953 crops. Livestock was said to be increasing gradually. No absolute and no percentage figures were released. According to absolute figures reported, the supply of tractors, machinery, and tools remained at the level of the past year. More substantial supplies were of restricted size. A decrease was noted in the supply of tools (picks and shovels) and machinery (threshers, horse-drawn plows, and tractors). The optimistic tenor of the agricultural section of the fulfillment report is contradicted by the fact that bread and sugar were not included when food rationing ended in late 1954. Although adverse weather conditions may have played a role in the mediocre crops (in combination with indolence on the part of the farmers), agriculture was officially rebuked for not taking full advantage of the allocated fertilizer and of the machinery made available.
3. In summary, the following may be stated with regard to the fulfillment of the 1954 Economic Plan:
 - a. No improvement was achieved in the field of basic industries. Insignificant expansion of production in individual sections were offset by failures in others. The petroleum industry represents the only asset. Its achievements are, however, made available to the country's economy at a reduced scale only, since the USSR still holds its share in Sovrompetrol.
 - b. The machine industry has been working without profit and cannot be made an economic asset unless scientific and economic cooperation between the different satellite countries will lead to a limitation of the number of constructional types and to expansion of mass production.
 - c. Very little progress was to be noted in the consumer goods industry.
 - d. Agriculture did not come up to expectations and no exports will be possible.
 - e. The living standards of the population have not been raised. The abolition of rationing in late 1954 even seems to point to a gradual decline of the situation. The New Course has not yielded any tangible results in Rumania.

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Production Output of Rumanian Industry

Targets of Five Year Plan - 1955

		<u>1938</u>	<u>1953</u>	<u>1954</u>	New Course	Original (1950)
Power	billions of KW	1.14	3.40	3.68	4.70	
Coal (7% hard coal)	1,000 t	2.396	6.100	6.161	8.500	8.533
Iron ore (45%)	1,000 t	140	680		750	700
Pig iron	1,000 t	133	450	426	800	
Raw steel	1,000 t	277	750	656	1,000	1,252
Cement	1,000 t	532	2,000		2,700	2,855
Petroleum	1,000 t	7,900	9,300	10,000	11,000	10,000
Fertilizer	1,000 t	2.50	18.6	55.8	69.0	
Sulfuric acid	1,000 t	45.2	76.3		143.0	
Woolen fabrics	millions m ²		28.6	29.6	32.5	39.4
Cottons	millions m ²	100.3	197.5	203.8	250.0	266.5
Rayon	millions m ²		15.3	16.9		

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